

## APPENDIX E

### CONTINUING DISCLOSURE AGREEMENT OF THE DEVELOPER

This Continuing Disclosure Agreement (the “Disclosure Agreement”) dated as of April 1, 2008 is executed and delivered by McMillin-NTC, LLC, a Delaware limited liability company (the “Developer”), and Wells Fargo Bank, National Association, as trustee (the “Trustee”) and as dissemination agent (the “Dissemination Agent”), in connection with the execution and delivery by Community Facilities District No. 3 (Liberty Station) (the “Issuer”) of its \$3,950,000 Special Tax Bonds Series A of 2008 (the “2008 Bonds”). The 2008 Bonds are being executed and delivered pursuant to a Bond Indenture, dated as of June 1, 2006, by and between the Issuer and Wells Fargo Bank, National Association, as trustee (the “Trustee”), as amended and supplemented by a First Supplemental Bond Indenture, dated as of April 1, 2008 (as amended, the “Bond Indenture”).

**SECTION 1. Purpose of the Disclosure Agreement.** This Disclosure Agreement is being executed and delivered by the Developer for the benefit of the Bondowners and Beneficial Owners and in order to assist the Participating Underwriters in complying with S.E.C. Rule 15c2-12(b)(5). Pursuant to this Disclosure Agreement, the Developer agrees to provide the information required to be provided by the Developer hereunder at the time and in the manner required hereunder and as otherwise required to comply with the Rule as specified in a written opinion of counsel to the Participating Underwriters or a nationally recognized bond counsel.

**SECTION 2. Definitions.** In addition to the definitions set forth in the Bond Indenture, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Affiliate” shall mean, with respect to any Person, (a) each Person that, directly or indirectly, owns or controls, whether beneficially or as an agent, guardian or other fiduciary, twenty-five percent (25%) or more of any class of Equity Securities of such Person; (b) each Person that controls, is controlled by or is under common control with such Person; (c) each of such Person’s executive officers, directors, and general partners; or (d) each Person that is, directly or indirectly, owned by McMillin Companies, LLC, a Delaware limited liability company. As of the date of this Disclosure Agreement, Affiliates of the Developer owning property or leasehold interests in property within the District include McMillin-NTC 193, LLC, McMillin-NTC Landing, LLC, Liberty Station-Harbor Retail, LLC, Liberty Station 210 Investors, LLC, Liberty Station 195 Historical Rehab, LLC, McMillin-NTC 901, LLC, McMillin-NTC 903/904, LLC, McMillin-NTC 905, LLC, and McMillin-NTC 906, LLC and Sail Ho Golf Course, LLC.

“Annual Report” shall mean any Annual Report provided by the Developer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“Beneficial Owner” shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of the 2008 Bonds (including persons holding 2008 Bonds through nominees, depositories or other intermediaries).

“Bondowner” shall mean the person or persons in whose name or names any 2008 Bond is registered.

“Central Post Office” means the DisclosureUSA website maintained by the Municipal Advisory Council of Texas or any successor thereto, or any other organization or method approved by the staff or members of the Securities and Exchange Commission as an intermediary through which issuers may, in compliance with the Rule, make filings required by this District Continuing Disclosure Agreement.

“Disclosure Representative” shall mean such officer or employee of the Developer as the Developer shall designate in writing to the Dissemination Agent from time to time.

“Dissemination Agent” shall mean Wells Fargo Bank, National Association acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Developer and which has filed with the Developer and the City a written acceptance of such designation.

“District” shall mean Community Facilities District No. 3 (Liberty Station) established by the City of San Diego.

“Equity Securities” of any Person shall mean (a) all common stock, preferred stock, participations, shares, general partnership interests or other equity interests in and of such Person (regardless of how designated and whether or not voting or non-voting); and (b) all warrants, options and other rights to acquire any of the foregoing.

“Fiscal Year” shall mean the period beginning on July 1 of each year and ending on the next succeeding June 30.

“Government Authority” shall mean any national, state or local government, any political subdivision thereof, any department, agency, authority or bureau of any of the foregoing, or any other Person exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

“Listed Event” shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

“National Repository” shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule.

“Official Statement” shall mean the Official Statement, dated March 27, 2008, relating to the 2008 Bonds.

“Parity Bonds” shall mean bonds of the Issuer issued under the Bond Indenture that are secured on a parity with the 2008 Bonds.

“Participating Underwriters” shall mean any of the original Underwriters of the 2008 Bonds required to comply with the Rule in connection with the offering of the 2008 Bonds.

“Person” shall mean any natural person, corporation, partnership, firm, association, Government Authority or any other Person whether acting in an individual fiduciary, or other capacity.

“Repository” shall mean each National Repository and the State Repository.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“Semiannual Report” shall mean any report to be provided by the Developer on or prior to November 15 of each year pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“State” shall mean the State of California.

“State Repository” shall mean any public or private repository or entity designed by the State as a state repository for the purpose of the Rule and recognized as such by the Securities and Exchange Commission. As of the date of this Disclosure Agreement, there is no State Repository.

SECTION 3. Provision of Annual Reports.

(a) The Disclosure Representative shall, or upon its receipt of the Annual Report the Dissemination Agent shall, not later than May 15 of each year, commencing May 15, 2008, provide to each Repository, the Participating Underwriters and the Issuer an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Agreement provided that the audited financial statements, if any, of the Developer may be submitted separately from the balance of the Annual Report and later than the date required for the filing of the Annual Report if they are not available by that date. In addition, the Developer shall, or upon its receipt of the Semiannual Report the Dissemination Agent shall, not later than November 15 of each year, commencing November 15, 2008, provide to each Repository, the Participating Underwriters and the District a Semiannual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement.

(b) Not later than fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report and Semiannual Report to Repositories, the Developer shall provide the Annual Report or the Semiannual Report, as applicable, to the Dissemination Agent or shall provide notification to the Dissemination Agent that the Disclosure Representative is preparing, or causing to be prepared, the Annual Report or the Semiannual Report, as applicable, and the date which the Annual Report or the Semiannual Report, as applicable, is expected to be available. If by such date, the Dissemination Agent has not received a copy of the Annual Report or the Semiannual Report, as applicable, or notification as described in the preceding sentence, the Dissemination Agent shall contact the Developer to determine if the Developer is in compliance with the requirements of this subsection (b).

(c) If the Dissemination Agent is unable to provide an Annual Report or Semiannual Report to Repositories by the date required in subsection (a) or to verify that an Annual Report or Semiannual Report has been provided to Repositories by the date required in subsection (a), the Dissemination Agent shall send a notice to each Repository in substantially the form attached as Exhibit A.

(d) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report and the Semiannual Report the name and address of each National Repository and the State Repository, if any; and

(ii) file a report with the Disclosure Representative and the Issuer certifying that the Annual Report or the Semiannual Report, as applicable, has been provided pursuant to this Disclosure Agreement, stating the date it was provided and listing all the Repositories to which it was provided.

(e) Any filing required under this Section 3 may be made through the Central Post Office.

SECTION 4. Content of Annual Report and Semiannual Report.

(a) The Developer's Annual Report and Semiannual Report shall contain or include by reference the information which is available as of the date of the filing of the Annual Report or the Semiannual Report, as applicable, relating to the following:

(i) a discussion of the sources of funds to finance development of property owned or leased by the Developer and its Affiliates within the District, and whether any material defaults exist under any loan arrangement related to such financing;

(ii) a summary of development activity by the Developer and its Affiliates within the District, including: (a) the number of commercial parcels for which building permits have been issued and the square footage of improvements listed thereon; (b) the number of parcels for which land sales have closed, and, in the case of a purchase of a parcel by an entity other than the purchaser of a residential unit, the name of the purchaser of the parcel and the sales price; and (c) a description of any ground lease and/or operating agreements executed in connection with property owned or leased by the Developer and its Affiliates within the District;

(iii) status of any major governmentally-imposed preconditions for commencement or continuation of development of the parcels owned or leased by the Developer and its Affiliates within the District;

(iv) status of completion of the development being undertaken by the Developer and its Affiliates and any major legislative, administrative and judicial challenges known to the Developer adversely affecting the construction of the development as planned or the time for construction of any public or private improvements to be made by the Developer or any Affiliates within the District other than the public improvements described in (v) below (the "Landowner Improvements");

(v) status of completion of the public improvements to be acquired with proceeds of the 2008 Bonds (the "District Improvements") and a description of any major legislative, administrative and judicial challenges known to the Developer and materially affecting the construction of the District Improvements;

(vi) any significant amendments to land use entitlements with respect to parcels within the District owned or leased by the Developer and its Affiliates that are known to the Developer;

(vii) status of Special Tax payments on all parcels owned by the Developer and its Affiliates; and

(viii) in the Annual Report only and only if the Developer and its Affiliates, in the aggregate, own property upon which 20% or more of the Special Taxes have been levied in the Fiscal Year for which the Annual Report is being provided, the audited financial statements of the Developer, if any, for most recently completed fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to private entities from time to time by the Financial Accounting Standards Board.

(b) In the event that as a result of subsequent amendment of the Rule, interpretive releases, no-action letters or other official guidance from the Securities and Exchange Commission or its staff, the information required to satisfy the Rule shall differ from the information described above, the Developer shall provide to the Dissemination Agent such other information as is available to the Developer and not otherwise readily available to the District.

(c) Any and all of the items listed above may be included by specific reference to other documents, including official statements of debt issues which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Developer shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Developer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the 2008 Bonds, if material under paragraphs (b) and (c):

(i) failure to pay any real property taxes, special taxes or assessments levied within the District on a parcel owned by the Developer or any Affiliates;

(ii) damage to or destruction of any of the Landowner Improvements or the District Improvements which has a material adverse effect on the value of the parcels owned by the Developer or any Affiliates;

(iii) material default by the Developer or any Affiliate on any loan with respect to the construction or permanent financing of the Landowner Improvements;

(iv) material default by the Developer or any Affiliate on any loan secured by property within the District owned or leased by the Developer or any Affiliates;

(v) material payment default by the Developer or any Affiliate on any loan of the Developer or any Affiliate (whether or not such loan is secured by property in the District) which is beyond any applicable cure period in such loan;

(vi) the filing of any proceedings with respect to the Developer or any Affiliate, in which the Developer or any Affiliate, may be adjudicated as bankrupt or discharged from any or all of their respective debts or obligations or granted an extension of time to pay debts or a reorganization or readjustment of debts;

(vii) the filing of any lawsuit against the Developer or any of its Affiliates which, in the reasonable judgment of the Developer, will adversely affect the completion of the District Improvements, the Landowner Improvements or the development of parcels owned or leased by the Developer or its Affiliates within the District, or litigation which if decided against the Developer or any of its Affiliates, in the reasonable judgment of the Developer, would materially adversely affect the financial condition of the Developer or its Affiliates; and

(viii) A change in the identity of the manager of the Developer to an entity that is not an Affiliate of McMillin Companies, LLC, or McMillin Management Services, L.P.

(b) Whenever the Developer obtains knowledge of the occurrence of a Listed Event, the Developer shall as soon as possible determine if such event would be material under applicable federal securities laws.

(c) If the Developer determines that knowledge of the occurrence of a Listed Event would be material under applicable federal securities laws, the Developer shall promptly file a notice of such occurrence with the Dissemination Agent which shall then distribute such notice to the Municipal Securities Rulemaking Board and each State Repository, with a copy to the Issuer.

SECTION 6. Termination of Reporting Obligation. The Developer' obligations under this Disclosure Agreement shall terminate upon the earliest of the following events:

(a) the legal defeasance, prior redemption or payment in full of all of the 2008 Bonds;

(b) the date on which all of the Special Taxes attributable to the parcels owned by the Developer and its Affiliates are paid or prepaid in full,

(c) if as of the date for filing the Annual Report or Semiannual Report the Developer and its Affiliates own or lease property within the District which is responsible, in the current Fiscal Year, for less than twenty percent (20%) of the Special Taxes levied in the Fiscal Year for which the Annual Report or Semiannual Report is being prepared and not less than 95% of the District Improvements to be acquired with proceeds of the 2008 Bonds have been acquired and completed,

(d) if, as of the date for filing the Annual Report or Semiannual Report (1) the Developer and its Affiliates own property within the District which is in the current Fiscal Year or would be in the next Fiscal Year responsible for between twenty percent (20%) and thirty-five percent (35%) of the Special Tax levied at the time for which the Annual Report or Semiannual Report is being prepared, (2) not less than 95% of the District Improvements to be acquired with proceeds of the Bonds have been acquired and completed, and (3) each building in the District owned by the Developer and its Affiliates and intended for lease has been, since completion of construction of such building, at least 80% occupied at one time or another; or

(e) upon the delivery by the Developer to the Issuer of an opinion of nationally recognized bond counsel to the effect that the information required by this Disclosure Agreement is no longer required. Such opinion shall be based on information publicly provided by the Securities and Exchange Commission or a private letter ruling obtained by the Developer or a private letter ruling obtained by a similar entity to the Developer. If such termination occurs prior to the final maturity of the 2008 Bonds, the Developer shall give notice of such termination in the same manner as for an Annual Report hereunder.

SECTION 7. Dissemination Agent. The Developer may from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. If the Dissemination Agent is not the Developer, the Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Developer pursuant to this Disclosure Agreement.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Developer may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the 2008 Bonds, or the type of business conducted;

(b) this Disclosure Agreement, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel addressed to the Issuer, the Trustee and the Participating Underwriters, have complied with the requirements of the Rule at the time of the original issuance of the 2008 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances;

(c) the amendment or waiver either (i) is approved by the Bondowners in the same manner as provided in the Bond Indenture for amendments to the Bond Indenture with the consent of Bondowners, or (ii) does not, in the opinion of nationally recognized bond counsel addressed to the Issuer and the Trustee, materially impair the interests of the Bondowners or Beneficial Owners of the 2008 Bonds; and

(d) the Developer, or the Dissemination Agent, shall have delivered copies of the amendment and any opinions delivered under (b) and (c) above.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Developer shall describe such amendment in the next Annual Report or Semiannual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Developer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given to the Municipal Securities Rulemaking Board, the State Repository, if any, and the Repositories; and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison of financial data described in clause (ii) of the preceding sentence shall be provided at the time financial statements, if any, are filed under Section 4(a)(viii) hereof.

SECTION 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Developer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report, Semiannual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Developer choose to include any information in any Annual Report, Semiannual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Developer shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report, Semiannual Report or notice of occurrence of a Listed Event.

The Developer acknowledge and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the Developer, and that under some circumstances compliance with this Disclosure Agreement, without additional disclosures or other action, may not fully discharge all duties and obligations of the Developer under such laws.

SECTION 10. Default. In the event of a failure of the Developer to comply with any provision of this Disclosure Agreement, any Participating Underwriters or any Bondowner or Beneficial Owner of the 2008 Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Developer or the Dissemination Agent to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Bond Indenture, and the sole remedy under this Disclosure Agreement in the event of any failure of the Developer to comply with this Disclosure Agreement shall be an action to compel performance. Neither the Dissemination Agent nor the Developer shall have any liability to the Bondowners or any other party for any monetary damages or financial liability of any kind arising from or relating to this Disclosure Agreement.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement and the Developer agree to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of their powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall not be deemed to be acting in any fiduciary capacity for the Developer, the Participating Underwriters, Bondowners or Beneficial Owners or any other party. The Dissemination Agent may rely and shall be protected in acting or refraining from acting upon a direction from the Developer or an opinion of nationally recognized bond counsel. The obligations of the Developer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the 2008 Bonds. No person shall have any right to commence any action against the Dissemination Agent seeking any remedy other than to compel specific performance of this Disclosure Agreement.

The Dissemination Agent will not, without the Developer' prior written consent, settle, compromise or consent to the entry of any judgment in any pending or threatened claim, action or proceeding in respect of which indemnification may be sought hereunder unless such settlement, compromise or consent includes an unconditional release of the Developer and its controlling persons from all liability arising out of such claim, action or proceedings. If a claim, action or proceeding is settled with the consent of the Developer or if there is a final judgment (other than a stipulated final judgment without the approval of the Developer) for the plaintiff in any such claim, action or proceeding, with or without the consent of the Developer, the Developer agree to indemnify and hold harmless the Dissemination Agent to the extent described herein.

SECTION 12. Reporting Obligation of Developer's Transferees. The Developer shall, in connection with any sale or transfer of ownership of land within the District to a person or entity other than an Affiliate which will result in the transferee (which term shall include any successors and assigns of the Developer) becoming responsible (i) for the payment of more than 20 percent of the Special Taxes levied on property within the District in the Fiscal Year following such transfer and (ii) for the construction and/or installation of some or all of the Landowner Improvements or the District Improvements, cause such transferee to enter into a disclosure agreement with terms substantially similar to the terms of this Disclosure Agreement, whereby such transferee agrees to be bound by the obligations of the Developer under this Disclosure Agreement as an additional obligated party, after which the Developer's obligations under this Disclosure Agreement assumed by such transferee shall terminate. Additionally, the Developer shall, in connection with any sale or transfer of ownership of land within the District to a person or entity other than an Affiliate which will result in the transferee becoming responsible for the payment of 20 percent or more of the Special Taxes levied on property within the District in the Fiscal Year following such transfer, but where the transferee is not responsible for the construction or installation of some or all of the Landowner Improvements or the District Improvements, cause such transferee to enter into a disclosure agreement with terms substantially similar to the terms of this Disclosure Agreement, whereby such transferee agrees to provide its audited financial statements, if any, and, as to the property owned by it, the information of the type described in Section 4(a)(ii), (iii), (vi) (vii) and (viii) and Section 5 of this Disclosure Agreement; provided that such transferee's obligations under such disclosure agreement shall terminate upon the land owned by the transferee becoming responsible for the payment of less than 20 percent of the annual Special Taxes.

SECTION 13. Developer as Independent Contractor. In performing under this Disclosure Agreement, it is understood that the Developer is not an agent of the District.

SECTION 14. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Developer, the District, the Dissemination Agent, the Participating Underwriters and Bondowners and Beneficial Owners from time to time of the 2008 Bonds, and shall create no rights in any other person or entity.



Dated: April 10, 2008

By: MCMILLIN-NTC, LLC,  
a Delaware limited liability company

By: McMillin Management Services, L.P.,  
a California limited partnership,  
its Manager

By: Corky McMillin Construction Services, Inc.,  
a California corporation,  
its General Partner

By: \_\_\_\_\_

Its: \_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

WELLS FARGO BANK, NATIONAL ASSOCIATION  
as Dissemination Agent

By: \_\_\_\_\_  
Authorized Officer

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of the Issuer: Community Facilities District No. 3 (Liberty Station)  
Name of Bond Issue: \$3,950,000 Community Facilities District No. 3 (Liberty Station) Special  
Tax Bonds Series A of 2008  
Date of Issuance: April 10, 2008

NOTICE IS HEREBY GIVEN that McMillin-NTC, LLC and McMillin 903/904, LLC have not provided an [Annual Report or Semiannual Report] with respect to the above-named 2008 Bonds as required by the Continuing Disclosure Agreement of the Developer. [The Developer anticipates that such [Annual Report or Semiannual Report] will be filed not later than \_\_\_\_\_, \_\_\_\_.]

Dated: \_\_\_\_\_

WELLS FARGO BANK, NATIONAL ASSOCIATION as  
Dissemination Agent

cc: City of San Diego